

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

**Alternative Insurance Services, Inc.
System ID No. 0010772**

Enforcement Case No. 08-6926

John Flaherty

Respondents

Issued and entered
on July 31st 2009
by **Stephen R. Hilker**
Chief Deputy Commissioner

**STIPULATED ORDER MODIFYING CERTAIN TERMS OF THE
DECEMBER 30, 2008 CONSENT ORDER**

Factual Recitals

WHEREAS, on December 30, 2008, Chief Deputy Commissioner Stephen R. Hilker (the "Chief Deputy Commissioner") of the Michigan Department of Energy, Labor and Economic Growth, Office of Financial and Insurance Regulation ("OFIR") issued and entered a Consent Order, the terms of which were stipulated and agreed to by Respondents Alternative Insurance Services, Inc. and John Flaherty (collectively, the "Respondents"); and

WHEREAS, Paragraphs 2, 4, 5, and 6 of the Consent Order required the Respondents to, among other things, pay restitution in the amount of \$1,329,086.55 to a list of insurers and entities, provide OFIR with a written repayment schedule for each insurer or entity within 90 days of the effective date of this Order, submit quarterly reports to the OFIR no later than April 15, 2009 and then on July 15, October 15, January 15, and April 15 of each year until all

restitution payments have been completed and pay a \$100 per day civil fine for each day a quarterly report is received by OFIR after the 15th day of the month for which it is due.; and

WHEREAS, in violation of the December 30, 2008 Order, the Respondents have not submitted the repayment schedules or the April 15, 2009 quarterly report to OFIR; and

WHEREAS, the Respondents have not requested an extension of the deadline for providing the required information; and

WHEREAS, Respondent Flaherty is subject to a \$100 per day civil fine for his failure to submit the April 15, 2009 quarterly report.

Order

NOW, THEREFORE, based upon the foregoing facts, the Chief Deputy Commissioner and the Respondents hereby agree to modify the terms of the Consent Order in the following respects only:

1. The Respondents shall provide the Office of Financial and Insurance Regulation with a written repayment schedule for each insurer or entity listed in the Order by September 30, 2009. The length of the repayment schedules shall be determined by Respondents and the insurer or entity, but shall not be for more than five years from the date of this Order. The repayment schedules shall be submitted to the Office of Financial and Insurance Regulation, Market Conduct Section, Investigations Unit ("OFIR-MCSIU"), Ottawa State Office Building, Third Floor, 611 West Ottawa Street, Lansing, Michigan 48909, by no later than September 30, 2009.

2. Respondents shall submit quarterly reports to OFIR-MCSIU no later than the 1st day of the month for which the report is due. Respondent John Flaherty is individually and solely responsible for ensuring that the quarterly report is timely filed and received by OFIR-

MCSIU. Respondent John Flaherty shall incur a \$100.00 per day civil fine for each day a quarterly report is received after the 1st day of the month for which the report is due.

3. Respondent John Flaherty shall file and the OFIR-MCSIU must receive the first quarterly report by November 1, 2009. Subsequent quarterly reports shall be due no later than January 1, April 1, July 1, and October 1 of each year until all restitution payments have been completed.

4. Upon the issuance and entry of this Order, the deadlines for the submission of the repayment schedules and quarterly reports will be extended, as provided above, and the assessment of a \$100 per day civil fine for Respondents' prior failure to submit the quarterly report is waived.

With the exception of the foregoing modifications, the terms of the Consent Order remain unaltered and continue in full force and effect.

By entering into this Stipulated Order, OFIR does not waive its right to enforce any terms of the December 30, 2008 Consent Order not expressly modified herein.

STIPULATED AND AGREED:

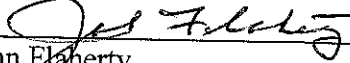
**OFFICE OF FINANCIAL AND
INSURANCE REGULATION**

By: Stephen R. Hilker
Stephen R. Hilker
Chief Deputy Commissioner
Office of Financial and Insurance Regulation

Dated: 7/31/09

By: John Flaherty
Authorized Representative of
Alternative Insurance Services, Inc.
System ID No. 0010772

Dated: 7-24-09

By: 
John Flaherty

Dated: 7-24-09